

## **IRS TAX TIP 2004-26**

### **CHOOSING A TAX RETURN PREPARER**

Most return preparers are professional and honest and provide excellent service to their clients. But taxpayers should choose carefully when hiring an individual or firm to prepare their return, advises the IRS, since taxpayers are legally responsible for what's on their own tax returns.

Here are some suggestions when considering hiring a tax professional:

- Avoid preparers who claim they can obtain larger refunds than other preparers.
- Avoid preparers who base their fee on a percentage of the amount of the refund.
- Ask questions and get references from clients who have used the tax professional before. Were they satisfied with the service received?
- Use a reputable tax professional who signs the tax return and provides a copy for the client's records.
- Consider whether the individual or firm will be around to answer questions about the return months, even years, after the return is filed.
- Find out the person's credentials. Is he or she an Accredited Tax Preparer, Enrolled Agent, Certified Public Accountant (CPA), Licensed Public Account or Tax Attorney? Only attorneys, CPAs and enrolled agents can represent taxpayers before the IRS in all matters including audits, collection and appeals. Other return preparers may only represent taxpayers for audits.
- Find out if the preparer is affiliated with a professional organization that provides its members with continuing education and resources and holds them to a code of ethics.

And never, ever sign a blank tax form or sign a completed form without reviewing it and making sure you understand the entries.

Unfortunately, unscrupulous tax return preparers do exist and can cause considerable financial and legal problems for their clients. Examples of improper actions by unscrupulous preparers include the preparation and filing of false income tax returns (in either paper or electronic form) that claim inflated personal or business expenses, false deductions, unallowable credits or excessive exemptions. Some preparers even manipulate income figures to obtain fraudulent tax credits, such as the Earned Income Tax Credit.

Tax evasion is both risky and a felony crime punishable by up to five years imprisonment and a \$250,000 fine. Remember — no matter who prepares a tax return, the taxpayer is legally responsible for all of the information on that tax return.

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So, when in doubt, check it out! Taxpayers hearing unusual claims from return preparers are encouraged to check it out with a trusted tax professional or the IRS before getting involved.

Report suspected tax fraud and abusive return preparers to the nearest IRS office, either by telephone at toll-free 1-800-829-0433 or in writing to the local IRS office. Find the local IRS offices on the IRS Web site at [www.irs.gov/localcontacts](http://www.irs.gov/localcontacts).

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